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UNCLAS TEGUCIGALPA 002814

SIPDIS

PASS TO USTR FOR ANDREA GASH DURKIN
FOR WHA/CEN, WHA/EPSC

SENSITIVE

E.O. 12958: N/A

TAGS: ETRD PGOV HO

SUBJECT: TRADE MINISTER RESIGNS

¶1. (SBU) Minister of Industry and Trade Juliet Handal resigned on Friday, October 5. In announcing her resignation, Handal mentioned that she was interested in devoting more time to her family and pursuing her business interests. She also pledged support for President Maduro as a private business person. Press reports indicate that she resigned after learning that the GOH planned to form a special team outside of the Ministry to negotiate the USCAFTA. The press also spoke of differences between the Ministry and coffee growers and millers over price controls, but Handal did not confirm that these confrontations affected her decision. The GOH plans to name her replacement sometime this week.

¶2. (SBU) Embassy had heard rumors during the past two to three weeks from two sources that the GOH had planned to appoint Ramon Medina Luna, current Minister for Strategic Issues and Communication and former Minister of the Economy, to be a special trade negotiator. It is possible that the GOH will ask Medina to take over the Ministry instead. Another possible replacement for the trade minister, or alternatively possible chief of a USCAFTA negotiating team, is Norman Garcia, current director of the export promotion NGO called FIDE.

¶3. (SBU) A third possibility, although Embassy contacts have not mentioned his name recently, is Oscar Nunez, a director at the Central Bank. Nunez headed Honduras' negotiating team for the GATT accession in the early 1990's.

¶4. (SBU) Comment. Minister Handal never had the support of the President's closest advisors, who viewed her as inexperienced and at times a loose cannon. Handal and her Vice Minister for Foreign Trade, Irving Guerrero, did not have backgrounds in trade policy but improved markedly in their understanding and management of trade issues since they entered office in late January. With limited funds, they had restructured the Ministry and were beginning to form and train a team of negotiators, with some help from our USAID G-CAP program and USAID's bilateral PEP program, in preparation for USCAFTA negotiations. The Embassy was heartened to see during Handal's time at the Ministry, more operational control of the Honduran Mission to the WTO in Geneva and more cooperation from the GOH on key WTO issues.
End comment.

Pierce